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The Institute for Psychological Services at Georgia State College has several distinctive features of an organizational, legal, and financial nature. The Institute is independent although it is allied with the Department of Psychology. It is also organizationally separate from the department and the college. The Institute was established using the corporate form of business ownership. As a corporation, it is capable of entering into legal contracts, such as a contract for research with an industrial firm. The institute is administered and operated by a staff who are all members of the Psychology Department. There is also a Board of Trustees. Institute activities are categorized as: (1) education and training of psychology students, (2) research, and (3) the provision of psychological services. The financial framework of the institute is described. (PS)

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EDUCATION AND RESEARCH THROUGH CORPORATE CONTRACTS FOR SERVICE¹

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Georgia State College

The Institute for Psychological Services at Georgia State College has several distinctive features of an organizational, legal, and financial nature.

First of all, the Institute is an independent organization. It is closely allied with the Department of Psychology, but it is organizationally separate from the Department and the College. The Institute was planned in late 1964, in response to issues highlighted by George Albee in a presidential message to Ohio psychologists. Happily, at the same time, I had accepted appointment at Georgia State College and had an opportunity to reconstitute the Department in preparation for graduate offerings. A survey revealed several similar organizations--notably, Psychological Services of Pittsburgh--but no exact precedent. Business advice and legal counsel were secured early in the organizational process.

The Institute was endorsed by the faculty of the Department, approved by the administrative officers of the College, and authorized by the Board of Regents of the University System of Georgia in the Fall of 1965.

The Institute was conceived as a means of attaining those educational and scientific objectives which are germane to the entire field of psychology and not just Clinical Psychology. Primarily, the Institute fulfills departmental needs for a practicum facility in which our graduate students have

¹In F. T. Miller (Chm.) The Psychological Center: An emerging form of university-community collaboration. Symposium, co-sponsored by Divisions 12 and 27, at the American Psychological Association, San Francisco, September, 1968.

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opportunities for training and research, through the provision of a wide range of psychological services, accomplished under the close and continuous supervision of our faculty members. Secondly, the Institute opens a broad avenue for the expression of faculty talents. It has the effect of encouraging the members of our faculty to cultivate their competencies, through the practice of their specialties, and to heighten their awareness of changes in the community-at-large. Thirdly, the Institute conveys to the community an image of psychologists as independent and responsible practitioners.

This brings us to a second distinctive feature. The Institute is a corporation. Somewhat afield, I discovered that there are four forms of business ownership. The first, and most common, is an individual or sole proprietorship, such as a psychologist in private practice. The second is a partnership, involving two or more individuals, which is established for general or more limited purposes, such as the engagement of a group of psychologists in private practice. The third is a corporation, which I will discuss more fully, and the fourth is a trust, which usually involves a beginning endowment.

As a psychologist, I did not--at first--appreciate the relevance of these considerations. I was, like many psychologists, comparatively naive in business and legal matters.

The corporate form was selected as most appropriate for the Institute. A corporation is a well-recognized legal entity. It is empowered to enter into contracts and contains provisions for limited liability. Furthermore, it permits community support through a board of trustees and allows for efficient operation through its executive committee. Most importantly, in contrast with a sole proprietorship or a partnership, it accommodates

personnel, as in a large-scale project, and assures continuity, as in a long-term project.

The Institute was incorporated in the State of Georgia as a non-stock, non-pecuniary gain corporation on November 19, 1965, on petition to the Fulton Superior Court by myself, Luciano L'Abate, and Irma Lee Shepherd, all members of the faculty of the Department. The incorporation is for a period of thirty-five years, with the right of renewal as provided by law.

As a next step in the process of enactment, a Board of Trustees was organized to establish Articles of Incorporation and to adopt a Constitution and By-laws. The By-laws placed the governance of the Institute in the hands of a Board of Trustees, consisting of seven members, drawn from the academic, professional, and business communities. To highlight this aspect, I might mention that we have on our board a dean and a professor of management at the College, an assistant vice president of the Southern Bell Telephone Company, and a chief psychologist of the Veterans Administration. The remaining members of the Board of Trustees are the Executive Committee drawn from the Department. I serve as Executive Director, Dr. L'Abate serves as Treasurer, and Dr. Shepherd serves as Secretary. The Board is, of course, crucial in setting policy for the Institute. The calibre of individual, and the collective representativeness of the Board, provide both diverse information and feedback. Controls have proven sufficient to assure the accomplishment of the purposes of the Institute, and the smooth articulation of the Institute with the overall objectives and policies of the College.

The management of the Institute was placed in the hands of the Executive Committee. In the Charter, the Institute was empowered to:

(a) conduct educational development programs, (b) conduct seminars, institutes and conferences on subject matter pertinent to, and beneficial to the

individual and community, (c) conceive, conduct and coordinate research of all types, (d) publish research studies and other materials, (e) provide scholarships, grants and other assistance in education, (f) receive and administer funds, including fees, grants, gifts, and bequests.

After prolonged negotiations, the Institute was classified by the State Tax Unit and the Federal Internal Revenue Service as a tax-exempt scientific and educational organization.

This brings us to a third distinctive feature of the Institute; namely, the capacity to enter into contracts. Once again, I found myself naive. A contract is an agreement which creates legal obligations which are enforceable in a court of law. It is the basic legal concept and is the foundation of all legal relationships. Most of our daily transactions are "implied" contracts. An "express" contract is one in which all of the terms are agreed upon by the parties, and are specifically set forth in detail, and usually in writing. In terms of law, there are four elements which are necessary for a contract to be valid; that is, consent, capacity, consideration, and legality. A contract may be voided; that is, not legally binding nor enforceable, if it lacks any element. And, the element most in question in this context is capacity. Each of the participants must have legal capacity to enter into the contract. Commonly, capacity has reference to personal characteristics such as maturity and mental status. But it also has reference to acting as a principal, or as the authorized agent of a principal. A principal is not bound and not responsible on a negotiable instrument, if it is executed by an agent who is acting without the principal's authorization. Needless to say, there are parties who enter into a contract whose obligation may be excused by law because of lack of capacity. Thus, the preference of one corporation for dealing with another corporation. Corporations are

empowered by charter, both expressly and by implication, to enter into contracts which are enforceable by and against them.

For clarification, let me cite an example. A professor of psychology is approached by the representative of an industrial firm which wishes to contract for a medium sized research project which would entail the services of a number of people. The professor thinks of several of his colleagues who could organize and supervise the project, a larger number of graduate students who could conduct the project, and a still larger number of undergraduate students who could serve as subjects. Imagine the steps which the professor would ordinarily have to take in order to gain clearance. In our College, which is only a minor bureaucracy, the professor would have to clear it with his chairman, who in turn would have to clear it with his dean, who in turn would have to clear it with the comptroller, who in turn would have to clear it with the grants officer, who in turn would have to clear it with the Board of Regents, who in turn would have to clear it with the various state laws, et cetera. It is not hard to imagine many questions of appropriateness, of justification, and of legality. Very likely, running the entire route would yield many delays, if not denial. If the professor should decide to ignore the clearance procedure and enter into the contract, implicitly or explicitly, on his own authority, he may find himself in the position of an agent without appointment by his presumed principal, that is, the College. In consequence, he would lack one of the necessary elements--capacity--and the contract would be void if challenged. Worse, in the event of calamity, the industrial firm might charge the acts of the professor, as agent, to the College, as principal, and insist upon a transfer of liability. I believe that it is this possibility which transforms administrators into conservatives. Enough of the organization and

structure of the Institute. I turn now to matters of staffing, activities, and finances.

The Institute is administered and operated by a staff which largely coincides with the personnel of the Department of Psychology. The Institute has no full-time employees at present. Potentially, contracts for services may be negotiated in any area of specialization represented on our faculty. The active staff is composed of those faculty members and students who elect to participate. Requests for services originate with, or are channeled to individual members of the faculty, who may consent to serve as project directors. All proposed contracts are reviewed by the Executive Committee, and are subject to post-audit by the Board of Trustees. Foremost consideration is given to the benefits of the contract in the training of students. Individual enterprise is limited only by competency, the nature and purposes of the Institute, and the current need for training opportunities. In those instances where the requirements for optimal service exceed the competencies of the staff, a roster of consultants in allied fields is available. These consultants serve on an ad hoc basis and set their own fee.

The Institute began limited operations during 1966. Activities fall into three broad categories. First is education and training in psychology. Students at all levels may be involved in some activities. Priority is given to those students in graduate programs. Student participation may be related to coursework, to clerkship or internship requirements, or to general experience.

In the interests of continuing professional development, a program of postgraduate education has been sponsored by the Institute. Lectures, seminars, and workshops have been conducted, both on campus and off.

These are designed for the professional public, but students have been awarded partial scholarships to facilitate their attendance. For example, a lecture series on "The Technological Control of Behavior" was co-sponsored by the Institute and the S & H Foundation, and funded by a grant from the Foundation. The workshops, consisting of an outstanding authority or two and about thirty-five participants each, have been highly successful. They have served to bring to the community such topics as Gestalt Therapy, Transactional Analysis, Behavior Therapy, Marathon Groups, and Existential Psychotherapy.

In a related vein, the Institute has co-sponsored with the College such activities as the Laboratory for Psychological Services, Child Development Laboratories, and the Community Leadership Development Program. In addition, the Institute has sponsored such organizations as the Southern Association for Human Resource Development and Training. The Institute has published such items as the Bulletin of the Child Development Laboratories, and has sponsored such publications as the International Journal of Symbols.

A second major activity of the Institute is research. Intramurally, research data is generated by the educational and service activities. Extramurally, contracts may be negotiated for research projects at the request of community and governmental agencies, businesses, and industries. For example, one project was sponsored by a state agency and sought to identify emotional disturbance in young school children; another was a follow-up study of vocational rehabilitation clients residing throughout the State. Ordinarily, a contract for research is not accepted unless it lends itself to practicum training, and unless it permits the passing of the results and products into the public domain. Needless to say, these research activities

have provided data for several theses and, soon, some dissertations.

The third major activity of the Institute is the rendition of professional services. This function is conceived as the application of psychological knowledge to the solution of interpersonal, group, organizational, and community problems. Announcements of services have been made to the College population, and to appropriate segments of the professional public. Referrals are accepted from individuals, from college officials, from private practitioners, and from community agencies. To date, activities have centered in the Laboratory for Psychological Services, the Child Development Laboratories, and the Community Leadership Development Program. Current offerings include vocational, educational, and personal counseling, psychological assessment of children and adults, individual and group psychotherapy, and activities designed for the development of human potentials through such methods as sensitivity training. Particularly in the service function, it has been necessary to limit the acceptance of referrals, in keeping with the need for training opportunities. A number of safeguards have been imposed, for the protection of clients and the College. Supervision approaches a ratio of 1:1. A supervisor is present at all times when clients are being seen by students, and weekly staffings and conferences are held.

This concludes the major activities of the Institute. There is one aspect which deserves further note. This is the matter of finances, a matter in which psychologists are not customarily adept. The Institute was designed to be self-sustaining, and was voluntarily prohibited from incurring any long-range indebtedness. No part of income can accrue to the benefit of any individual, save a reasonable compensation for his services. Further, no payment is permitted for the curriculum-related activities of the staff or students. Thus, it was necessary to raise initial capital, to establish

client fees and costs of contracts, and to solicit grants and gifts. Accounts had to be established and maintained, with provision for bookkeeping, making payment for expenses and wages, filing tax returns, auditing the books, and so forth. Fees were set on a "sliding scale," based upon ability to pay. Standard, graduated rates were established for College personnel and their immediate families. Policies evolved which assure that no one will be denied services solely because of inability to pay, and conversely, that no one will secure services at a rate which undercuts private practitioners. In each instance, the ultimate determination of the fee is made by the supervisor in charge of the case, or the project director in charge of the contract. An allowance is made for the overhead expenses of the Institute.

Surplus funds, i.e., an excess of income over expenses, have been expended in keeping with the general purposes of the Institute. A scholarship has been established in the name of the Institute, and several awards have been made. We have also found it possible to underwrite some fledgling enterprises and to fund some unpopular causes, e.g., research involving "gambling."

To summarize, I can say that it has been a great and a sobering experience. In acknowledgment of our newness, and the uncertainty of our risks, we have regulated our growth. It has been cautious, conservative, and according to a consciously-drawn plan. The Institute has gained acceptance within the academic family; its acceptance within the community is growing. All in all, the Institute has added a new dimension to our professional lives. And, it has enriched us in our presentations of ourselves as professional practitioners to our students.